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Robert Moser, MD, Secretary  
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April 27, 2012

Chris Howe, Director of Procurement and Contracts  
Department of Administration  
900 SW Jackson, RM 102N  
Topeka, KS 66612

Attention: Tami Sherley, Procurement Officer  
Subject: Bid Event Number EVT0001028  
KanCare Managed Care Services

Dear Mr. Howe:

The Evaluation Committee has reviewed the technical and cost proposals received from the five KanCare bidders. Following an initial review of each proposal, face to face negotiations were held April 2-6, 2012, to discuss questions regarding the technical and cost proposals from each bidder. A subsequent round of questions and a request for revised offers was submitted to the bidders April 12 and their responses were received April 19 and reviewed by the Evaluation Committee.

The following analysis is the result of a comprehensive review of all the information provided to the State regarding the five proposals. This includes the proposals themselves (both technical and revised cost proposals), information gained from face-to-face negotiations (both oral and written responses) and the bidders' responses to the State's last round of follow-up questions.

This report is provided in two sections:

- A review of each bidder's strengths and weaknesses; and
- A recommendation from the Evaluation Committee to continue negotiations with all five bidders.

#### Review of Key Strengths and Weaknesses

The bidders each addressed numerous questions and areas of concern that surfaced after review of their proposals during face to face negotiations and in their responses to the State's follow-up questions. An updated review, presented alphabetically, of the key strengths and weaknesses of each bidder is provided below.

#### *Amerigroup*

This Proposer provided a very detailed and thorough response to nearly all request for proposal (RFP) requirements. The Proposer demonstrated significant experience in serving similar populations in other states and the ability to succeed in providing all KanCare services to the Kansas Medicaid population.

#### Strengths:

- Amerigroup describes substantial experience in other states in working with long term care, CHIP and substance use disorder populations and services.
- Amerigroup reports it has never missed an implementation deadline.

- Amerigroup has submitted the lowest cost proposal.
- The Proposer agrees to the State's proposal for retrospective payment and provided a reasonable adjustment to their discount. The Proposer also agreed to all simple assurances (document outlining select key principles of KanCare).
- Amerigroup's approach to care coordination included intensive care support for members with high medical needs, especially targeting seniors and the physically disabled. The proposal's plan for transitioning members to its health plan ensured minimal disruptions of care to KanCare populations.
- The proposed health homes model shows excellent understanding of the Kansas preferred model and incorporates alternative service providers as health homes leaders.
- Amerigroup submitted an outstanding approach to their member advisory committee structure.
- They have a strong provider quality incentive program that includes shared savings and has been operational for two years in other states. This plan has mechanisms to encourage providers to participate in the program.
- Amerigroup was the only Proposer to provide specific examples of how they sample claims to ensure accurate data is sent to the State.
- Overall, the proposal describes appropriate reconciliation and balancing processes.
- The proposal includes an extensive array of value-added services.
- The Proposer demonstrates knowledge and experience with the aged and disabled populations.
- Amerigroup details their efforts to contact long term services and supports providers in Kansas and demonstrates understanding of the current delivery system. The proposal shows a clear understanding of the Kansas Community Developmental Disability Organization (CDDO) system.
- The response clearly expressed the Proposer's concerns with pay for performance (P4P) measures and offered reasonable suggestions.
- The proposed automatic prior authorization system meets current requirements for pharmacy.
- Amerigroup provides a detailed explanation how they would assist the State by using payment withholds to collect State debt from providers.
- The proposal's plan for health literacy promotion was generally well rounded and included member education, targeted outreach, care management, and disease management components.
- The Proposal included a detailed plan and workable strategies for increasing cultural competence among providers and staff.
- Amerigroup will use data from State immunization registries to supplement their vaccination information and increase Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) program compliance rates.
- The plan for quality management includes a hands-on approach. Care managers will be deployed in the field with tools to collect and enter information from any environment.
- Amerigroup proposes a plan for using nurse practitioners more extensively in nursing facilities.
- The proposal addressed the State's goals for nursing facility diversification and agreed to partner with the State on this initiative.

#### Weaknesses:

- The proposed automatic prior authorization system will be fully operational for medical prior authorizations only at the beginning of the KanCare program.
- Amerigroup proposes replacing the life expectancy P4P measure, rather than modify or clarifying to address concerns. They also indicated concern with some subparts of the P4P National Outcome Measures.
- The proposal does not clearly address Amerigroup's history with processing clean claims.

#### Coventry

This Proposer demonstrated important strengths in the area of behavioral health services and is experienced in the Kansas HealthWave population. However, the proposer does not demonstrate complete understanding of certain program requirements and does not agree to certain key provisions of the RFP.

#### Strengths:

- Coventry plans to use an established subcontractor (ValueOptions) for behavioral health.
- The Proposer has a strong provider network in place for physical health in certain regions of the state.
- The proposal for provision of EPSDT includes establishing a dental home for children and enhanced personal assistance for any child with an abnormal finding during the screening.
- The response includes a strong approach for conducting health risk assessments for behavioral health members, including the use of a best-practice screening tool for substance abuse.
- Coventry has a strong provider credentialing plan in place that is also effective for behavioral health and disability providers.
- The Proposer's care management principles include member engagement, multi-disciplinary coordination with care across all traditional and non-traditional providers, and the use of co-located behavioral and physical health care.
- Coventry includes a comprehensive training and development plan for their customer service staff.
- Coventry offers to adapt one of their current commercial products to serve as a Medicaid off-ramp program.
- The Proposer's foundation will provide grants for health home development for up to \$500,000.

#### Weaknesses:

- Coventry would not explicitly agree to the fee-for-service payment floor for all providers.
- The Coventry cost proposal was the highest of all five bidders.
- The proposal does not demonstrate understanding of the need to build a knowledge base and capacity for new populations and services.
- In many cases, Coventry does not explicitly acknowledge their accountability for subcontractors. The Evaluation Committee has concerns regarding how the State will be notified of subcontractor issues in a timely and transparent fashion.
- The Proposal includes using an out-of-state subcontractor to manage all home and community based (HCBS) services.
- The proposal did not demonstrate understanding of critical access hospital reimbursement.
- Coventry provided little detail to demonstrate their plan or ability to meet the RFP requirements for health information technology (HIT) and health information exchange (HIE). The proposal did not discuss how the proposer would assist in collection of data related to demonstrating meaningful use of electronic health records.
- The response for value-added services is very weak, and includes no additional services specific to the aged or disabled populations.
- Coventry does not accept the State's proposal for delaying capitation payments.
- The proposal cites concern and indicates an inability to meet several P4P program requirements.
- The Proposer does not demonstrate full understanding of the conflict-free case management requirement.
- There were many conditional agreements in their proposal which placed limitations on their agreement to meet RFP requirements.
- Coventry would not agree to the State's assurances regarding clean claims payment, member retention of their current case manager, or the requirement to contract with all current Medicaid providers.
- The pharmacy reimbursement plan does not mention the required State dispensing fee, and they propose to utilize their existing national pharmacy contracts.
- Coventry did not provide a strong plan for medication therapy management.
- The proposed prior authorization system is not automated.
- The Proposer demonstrated the least experience in long-term care of all bidders.
- Coventry does not demonstrate understanding of the State's electronic visit verification (EVV) system.
- The Proposer offers no assistance for collecting member cost share or State debt from providers.
- Coventry's approach to health homes focused heavily on primary care providers as the health home leader, omitting other community based service providers.

## *Sunflower*

This Proposer provided a detailed response describing their experience providing programs of similar scope in other states. However, in certain areas the Proposer lacked understanding of Kansas-specific programs.

### Strengths:

- This proposal discussed hiring people with disabilities to promote cultural competency.
- Sunflower described a solid approach to serving hard to reach populations, including pre-programmed cell phones, hiring diverse staff, and adding minority members to their advisory committees.
- The response provides evidence of support for their approach from major provider groups.
- They include a commitment to hiring a full time EPSDT coordinator to increase compliance.
- Sunflower's value-added services demonstrated some understanding of the Kansas populations to be served under this RFP. Specific services included practice visits to women's health or dentist appointments for the developmentally disabled population and pet therapy for long term care beneficiaries.
- The proposal included a very well defined plan for HIT and HIE.
- Sunflower proposes developing a separate member advisory council for members with developmental disabilities or long term care needs. All of their member advisory councils have a detailed reporting structure so their input will be considered by Sunflower's Quality Improvement Committee.
- The Proposer describes a strong approach to coordinating care for nursing facility residents, and is working with the Kansas Health Care Association to develop performance based outcomes in this area.
- Sunflower would utilize their "CentAccount" program, which provides incentives on a debit card to promote healthy behavior and member engagement.
- The Proposer has strong claim processing systems and auditing systems in place and is well-versed in industry standards.
- The Proposer described a strong commitment to customer service and several innovative approaches in this area.
- Sunflower provided a strong response for utilizing telemedicine.
- The proposer would bring a well-developed IT system which would likely lead to efficiencies in the KanCare program.
- Sunflower proposes a strong approach to automating prior authorizations, but will need to be expanded for the Kansas pharmacy program.
- The proposal demonstrates experience with dual eligible members in other states.
- Sunflower proposed the strongest approach to pharmacy reimbursement of all five bidders. Sunflower states that when a provider files a grievance based on their costs, the prices are adjusted 76 percent of the time.
- The Proposer's plan for reviewing psychotropic medications may allow for some care management practices to be integrated in this area where the State previously had few options available.
- The proposal indicates Sunflower will audit their transportation subcontractor prior to beginning services.
- Sunflower revised their member advisory council plan to meet program requirements.

### Weaknesses:

- The proposal did not demonstrate a strong understanding of mental health and substance use disorder (SUD) services and populations.
- The proposal did not demonstrate full understanding of RFP requirements for the pharmacy program.
- Sunflower does not demonstrate understanding of the community service provider system for the developmentally disabled (DD) and SUD populations.

- The Proposer has demonstrated little in-depth experience with some specific populations included in KanCare.
- There were many conditional agreements in their proposal which placed stipulations on their agreement to meet RFP requirements.
- Sunflower's plan includes fewer field-based care managers compared to other Proposers.
- The proposal does not demonstrate Sunflower's ability to meet P4P program requirements.
- Sunflower expressed concerns with meeting some of the operational P4P measures, including the 20-day payment timeframe for clean claims.
- The proposal lacks an acceptable strategy for addressing SUD confidentiality concerns. The proposed approach is to suppress and exclude SUD data rather than incorporate it in a protected way.
- The proposal does not demonstrate understanding of HIPAA compliance standards for claims.

### *United*

The response provided by United was extensive and thorough. The proposer described strong strategies for meeting the RFP requirements in a number of important areas.

#### Strengths:

- The proposal demonstrates an overall strong understanding of the goals of KanCare.
- United has the most experience of all five bidders in long term care. They also have demonstrated experience with serving dually eligible members in other states.
- Overall, United offers a very strong plan for oversight of their subcontractors.
- United will be using a wholly-owned pharmacy benefits manager, which will simplify administrative burdens for providers.
- The proposal lists a number of areas where United would be willing to work with the State and selected managed care organizations to standardize processes. This and other factors demonstrates their ability to become a strong partner for the State of Kansas.
- The proposal offers an excellent approach to implementing health homes.
- The proposal describes how United will work with Empower Kansas to help people with disabilities obtain employment.
- The Proposer describes a strong plan for monitoring provider performance. All providers receive information on their profile, gaps in care for their patients, and how they compare to similar providers. United also shares best practices from high-performing providers with others in their peer group.
- United proposes a strong approach to utilizing physician extenders.
- The critical access hospital proposal demonstrates understanding of the Kansas program.
- The proposal includes several incentives for telehealth, telemedicine and telepsychiatry.
- The proposed plan for health literacy is strong and includes several innovative strategies.
- United offers an excellent array of value-added services.
- The approach to member advocates is a significant strength.
- United appears very experienced in coordinating care from a non-medical perspective. They were the only Proposer that included Screening, Brief Intervention, and Referral to Treatment (SBIRT), to identify substance use disorder issues in a physical health setting.
- The proposal demonstrates excellent understanding of the Medicaid payment structure and a solid approach to timely claims payment. Their experience in clean claims processing is strong.
- The United cost proposal includes coverage of bariatric surgery.
- The Proposer has demonstrated a strong financial position with plenty of available capital.
- United offers a good commitment for local staffing and will have a user-friendly website available to providers and members.
- The Proposer has well-developed expertise in the behavioral health and HCBS areas.
- United's systems have a good deal of automation that will lead to efficiencies.
- The Proposer is comfortable with performance measures on an operational level.

Weaknesses:

- The Proposer does not offer specific assistance for collecting member cost share.
- United's medication therapy management program lacks a patient-centered approach and may create confusion among beneficiaries.

*WellCare*

The WellCare proposal has improved based on follow-up information and direction from the State. However, this Proposer has not demonstrated full capability to meet all of the requirements of the KanCare program without assistance from the State.

Strengths:

- The Proposer demonstrated understanding and the ability to meet the needs of the HCBS waiver populations.
- WellCare has clear experience and practical solutions they will use in provider engagement. They also detail the additional supports they will wrap around smaller and inexperienced providers.
- The updated proposal for WellCare's member advisory committee structure is strong.
- WellCare's overall perspective and approach to member services is strong, and includes such components as Regional Member Engagement Centers, a community partnership program, and overstaffing their call center during implementation to ensure strong customer service.
- WellCare plans to become a Medicare Advantage Plan.
- The Proposer will offer evergreen (non-expiring) contracts to nursing facilities, HCBS, and home health providers.
- The Proposer notes that they will contract with any willing provider that meets credentialing requirements and will accept Medicaid rates.
- The proposal included a description of how they would plan to divert nursing home level of care patients to lower cost levels of care upon discharge from the hospital, and addressed the Promoting Excellent Alternatives in Kansas (PEAK) nursing facility program.
- The proposal includes a solid approach to staffing.
- WellCare agreed to the State's performance measures, but intends to work with the State to ensure data is available.
- Overall, the Proposer demonstrates that they have learned from their mistakes in other states.
- WellCare has indicated they are willing to work with delayed payment provisions proposed by the State.
- The Proposer's claims and encounter data processing systems are strong.
- The updated plan for medication therapy management is strong, but did require a lot of detailed instruction from the State.

Weaknesses:

- WellCare's recent settlement with the federal government may present concerns.
- Overall, the Proposer was disorganized. This included their proposal and performance during face to face negotiations; the Proposer has not demonstrated the ability to carry-through on directions.
- WellCare's response for HIE was brief, and did not detail how they will participate in or encourage their providers to participate in statewide HIE.
- The proposal did not demonstrate the ability to meet RFP requirements for preventing and reporting consumer fraud and abuse.
- WellCare did not demonstrate how they have successfully managed their proposed transportation subcontractor in other states.
- WellCare does not demonstrate understanding of the implications of the P4P program in their response.
- Compared to some of the other Proposers, WellCare has more limited experience with long term care.
- The Proposal offered little assistance to the State for member cost share collection.

- WellCare's automatic prior authorization system is not yet developed, and may not be ready for implementation by January 1, 2013.
- The Proposer does not indicate full understanding of the required pharmacy reimbursement under KanCare.

### Recommendation

After reviewing all the available materials, the Evaluation Committee would like to continue negotiations with all five bidders. Each of the five bidders would bring unique strengths to the KanCare program that merit further discussion. Additionally, a proposed legislative budget proviso, which would delay the implementation of waiver services for developmentally disabled population until 2014, will need to be addressed with all bidders.

At this time, we would like to request an additional round of negotiations with each of the five bidders, to be held May 15-17, 2012.

Respectfully,



Kari M. Bruffett, Director  
Division of Health Care Finance  
Kansas Department of Health and Environment